

NSC BRIEFING

26 May 1959

BACKGROUND: INDIAN ECONOMY

1959 Population: India--410,000,000  
Communist China--650,000,000

1958 Indian gross national product--\$28 billion (United States GNP--\$437 billion)

1958 Per Capita gross national product--\$70 (United States--\$2,500)

First Five-Year Plan (1951-56)

<u>Goal</u>	\$7.5 billion	<u>Achievement</u>	\$6.7 billion
Government	\$5.0 billion	Government	\$4.2 billion
Private	\$2.5 billion	Private	\$2.5 billion

Second Five-Year Plan (1956-61)

<u>Goal</u>	\$15 billion	<u>Estimated Achievement</u>	\$13.5 billion
Government	\$10 billion	Government	\$ 8.5 billion
Private	\$ 5 billion	Private	\$ 5.0 billion

Third Five-Year Plan (1961-66)

<u>Tentative Goal</u>	\$19-24 billion
Government	\$12-\$16 billion
Private	\$ 7-\$ 8 billion

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India's foreign exchange reserves--sterling balances accumulated during World War II--declined from \$1,860,000,000 by \$295,000,000 during the first plan (1951-56) and have declined by a further \$1,140,000,000 since the second plan began in 1956. They now stand at \$425,000,000--exclusive of the \$247,000,000 gold reserve.

The cost of living has increased 15 percent since 1950, chiefly during the past two years.

India usually exports about \$1,250,000,000 worth of goods each year--over one half consists of tea, jute goods and cotton textiles.

India normally imports about \$1,750,000,000 worth of goods each year--about two thirds consists of machinery, metals, petroleum and chemicals.